

Message Text

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42

ORIGIN XMB-07

INFO OCT-01 EUR-25 ISO-00 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 OPIC-12 SPC-03

CIEP-02 LAB-06 SIL-01 OMB-01 SS-15 NSC-10 DODE-00

PA-03 USIA-15 PRS-01 /146 R

66604

DRAFTED BY XMB:AMOHANIAN

APPROVED BY EB/OCA/REP:RCJORGENSEN

XMB:WARREN W GLICK

EB/IFD/ODF:EMLINTON

EUR/EE:EESEGALL (INFO)

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R 101305Z OCT 73

FM SECSTATE WASHDC

TO AMEMBASSY BELGRADE

UNCLAS STATE 200552

E.O. 11652: N/A

TAGS: APUB, YO

SUBJECT: PRESS RELEASE ON EXIMBANK LOAN TO YUGOSLAVIA

FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON THE DIRECT LOAN OF DOLS 2,678,000 TO KRIVAJA OF YUGOSLAVIA. RELEASE IS SCHEDULED FOR ANNOUNCEMENT HERE IN WASHINGTON, D.C. FOR A.M. PAPERS, FRIDAY, OCTOBER 12, 1973.

QUOTE: EXIMBANK SUPPORTS NEARLY \$6 MILLION SALE OF U.S. EQUIPMENT FOR FIBERBOARD PLANT IN YUGOSLAVIA

TO HELP FINANCE A \$5,950,000 SALE OF U.S. EQUIPMENT, MATERIALS AND SERVICES REQUIRED IN THE CONSTRUCTION OF A MEDIUM DENSITY FIBERBOARD PLANT IN YUGOSLAVIA, THE BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK OF THE UNITED STATES HAS AUTHORIZED A DIRECT LOAN OF \$2,678,000 TO FINANCE 45 PERCENT UNCLASSIFIED

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OF THE U.S. COSTS AND A FINANCIAL GUARANTEE OF A LOAN OF

\$2,678,000 FROM FRENCH AMERICAN BANKING CORPORATION TO FINANCE ANOTHER 45 PERCENT, ACCORDING TO EXIMBANK'S CHAIRMAN HENRY KEARNS. MILLER HOFFT INC., OF RICHMOND, VIRGINIA, WILL ACT AS PROCESS CONSULTANTS.

THE OBLIGOR IS INDUSTRIJSKI KOMBINAT "KRIVAJA," WHICH WAS ESTABLISHED IN 1894 AND IS ENGAGED IN FORESTRY, WOOD PRODUCTS, METAL WORKING AND CONSTRUCTION. KRIVAJA WILL MAKE A CASH PAYMENT OF 10 PERCENT OF THE TOTAL U.S. COSTS OR \$594,000.

KRIVAJA WILL PARTICIPATE IN A JOINT VENTURE TO CONSTRUCT AND OPERATE THE FIBERBOARD MANUFACTURING PLANT. KRIVAJA WILL HOLD A 60 PERCENT EQUITY IN THE VENTURE. CIFAL, S.A. OF PARIS AND THE INTERNATIONAL INVESTMENT CORPORATION FOR YUGOSLAVIA BASED IN LONDON, WILL EACH HOLD A 20 PERCENT EQUITY.

THE LOANS ARE TO BE REPAYED IN 16 SEMIANNUAL INSTALLMENTS BEGINNING MARCH 10, 1976, WITH EXIMBANK'S DIRECT LOAN OF \$2,678,000 TO BE REPAYED OUT OF THE LAST 8 INSTALLMENTS WITH INTEREST AT AN ANNUAL RATE OF 6 PERCENT ON OUTSTANDING BALANCES. REPAYMENT OF ALL LOANS IS TO BE GUARANTEED BY THE PRIVREDNA BANKA OF SARAJEVO. UNQUOTE KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 10 OCT 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973STATE200552
Document Source: CORE
Document Unique ID: 00
Drafter: AMOHANIAN
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731040/aaaabdnptel
Line Count: 84
Locator: TEXT ON-LINE
Office: ORIGIN XMB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: cunninfx
Review Comment: n/a
Review Content Flags:
Review Date: 31 DEC 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <31-Dec-2001 by bryansd0>; APPROVED <06-Feb-2002 by cunninfx>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PRESS RELEASE ON EXIMBANK LOAN TO YUGOSLAVIA FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON
TAGS: APUB, YO
To: BELGRADE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005